

APR 20 1981-10 20 AM

INTERSTATE COMMERCE COMMISSION

LETTER OF TRANSMITTAL

Secretary of the Interstate
Commerce Commission
Constitution and 12th Street, N.W.
Washington, D.C. 20423

Dear Sir:

Pursuant to Part 1116 of the regulations of the Interstate Commerce Commission, 49 CFR Part 1116, I hereby request that you record under 49 U.S.C. §11303 the following documents:

1. Equipment Lease dated as of May 30, 1980 between The Connecticut Bank and Trust Company, not in its individual capacity but solely as Trustee, and Chicago and North Western Transportation Company.
2. Security Agreement - Trust Deed Supplement dated as of May 30, 1980 between The Connecticut Bank and Trust Company, not in its individual capacity but solely as Trustee, and Continental Illinois National Bank and Trust Company of Chicago, not in its individual capacity but solely as Security Trustee (Supplement to Security Agreement - Trust Deed filed and recorded on December 27, 1978 as Document No. 9942).

The original and one counterpart of each of the above-listed documents are enclosed herewith for filing purposes.

Lessee

Chicago & North Western
Transportation Company
400 West Madison Street
Chicago, Illinois 60606

Lessor

The Connecticut Bank and Trust Company
One Constitution Plaza
Hartford, Connecticut 06115
Attention: Corporate Trust Department

APR 20 1981-10 20 AM

INTERSTATE COMMERCE COMMISSION

1-110A 051
#60.00 4/20/81
10:15 AM

The equipment covered by the aforesaid Lease and Security Agreement Supplement is 200 covered hopper cars. The A.A.R. mechanical designation of the equipment is "LO" and the car numbers are 753700 to 753899, both inclusive.

The original and all extra copies of the enclosed documents should be returned to Mr. Gearold Knowles of Schiff Hardin & Waite, 1101 Connecticut Avenue, N.W., Washington, D.C. 20036.

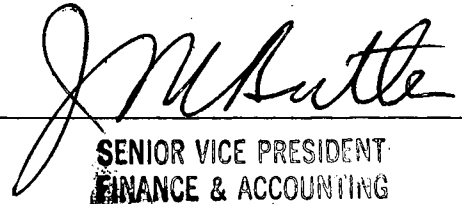
A \$60.00 check, payable to the Interstate Commerce Commission, also is enclosed to cover the required recordation fee.

I am an officer of Chicago and North Western Transportation Company and have knowledge of the matters set forth herein.

Very truly yours,

CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY

By



SENIOR VICE PRESIDENT
FINANCE & ACCOUNTING

Dated: April 13, 1981

SECURITY AGREEMENT - TRUST DEED SUPPLEMENT

RECORDATION NO. 9942-L
APR 20 1981 - 10 20 AM
INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT - TRUST DEED SUPPLEMENT dated as of May 30, 1980 (this "Supplement") from THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut banking corporation, not individually but solely as trustee (the "Debtor") under a Trust Agreement dated as of November 20, 1978, as amended (the "Trust Agreement") with Hillman Manufacturing Company, a Pennsylvania corporation (the "Trustor"), the Debtor's post office address being One Constitution Plaza, Hartford, Connecticut 06115, Attention: Corporate Trust Department, to CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO (the "Secured Party"), whose post office address is 30 North LaSalle Street, Chicago, Illinois 60693, Attention: Corporate Trust Department;

RECITALS

A. The Debtor and the Secured Party have executed and delivered a Security Agreement - Trust Deed dated as of November 20, 1978 (the "Security Agreement"). The Security Agreement was filed and recorded with the Interstate Commerce Commission ("ICC") under 49 U.S.C. §11303 on December 27, 1978 as Document No. 9942.

B. The Debtor entered into an Equipment Lease dated as November 20, 1978 (the "Rock Lease") providing

[Filed and recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. §11303 on _____, 1981, at _____ .m., recordation number _____.]

for the lease to William M. Gibbons, Trustee of the Property of Chicago, Rock Island and Pacific Railroad Company ("Gibbons") of 285 covered hopper cars described more particularly in Schedule A to the Rock Lease. Pursuant to a Termination Agreement dated May 29, 1980 (the "Termination Agreement") between Gibbons and the Debtor, the Rock Lease was terminated. The Termination Agreement was approved in Order No. 254 dated June 2, 1980 by the United States District Court for the Northern District of Illinois.

C. The Debtor has executed and delivered an Equipment Lease dated as of May 30, 1980 (the "Lease") providing for the lease of the equipment formerly subject to the Rock Lease to Chicago and North Western Transportation Company, a Delaware corporation (the "Lessee"). The equipment described more particularly in Schedule A to the Lease (collectively referred to as the "Equipment" or individually as an "Item" or "Item of Equipment") has been remarked in accordance with the Lease. Redesignations of Railroad Car Numbers dated August 4 and August 11, 1980 were filed and recorded with the ICC under 49 U.S.C. §11303 on August 21, 1980 as Documents No. 9942-H and 9942-F, respectively.

D. In order to secure the Debtor's 11% Notes (the "Notes"), the Debtor intends to assign all its right, title, and interest in the Equipment and the Lease and grant a security interest in the same to the Secured Party.

NOW, THEREFORE, in consideration of the premises and mutual agreements herein contained and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. The Debtor in consideration of the premises and of the sum of Ten Dollars received by the Debtor from the Secured Party and other good and valuable consideration, receipt of which is hereby acknowledged, and in order to secure the payment of the principal of and interest on the Notes according to their tenor and effect, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all covenants and conditions in the Notes, the Security Agreement, this Supplement, and the Participation Agreement (as defined in the Lease) contained, does hereby convey, warrant, mortgage, assign, pledge and grant the Secured Party, its successors in trust and assigns, a security interest in, all and singular of the Debtor's right, title and interest in and to the properties, rights, interests and privileges more fully described in Sections 1.1, 1.2 and 1.3 of the Security Agreement (all of which properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral"), subject always to the limitations set forth in Section 1.4 thereof and to the Excepted Rights in Collateral (as defined in Section 1.6 of the Security Agreement).

2. Section 1.1 of the Security Agreement is deleted in its entirety and in place thereof the following is substituted:

"1.1. Equipment Collateral. Collateral includes the railroad equipment described in Schedule A attached hereto and made a part hereof (collectively the "Equipment" and individually an "Item" or "Item of Equipment") constituting the equipment formerly leased under the Rock Lease and now leased under the Lease, together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment hereinabove described, whether now owned or hereafter acquired, except such thereof as remain the property of the Lessee under the Lease, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Equipment, except such thereof as remain the property of the Lessee under the Lease, together with all the rents, issues, income, profits and avails therefrom."

3. Section 1.3 of the Security Agreement is deleted in its entirety.

4. The figure "1.3" in line 7 of Section 2.7 of the Security Agreement is hereby deleted.

5. The phrase "or 1.3" in line 4 of Section 4.3 of the Security Agreement is hereby deleted.

6. Subparagraph (c) of Section 5.1 of the Security Agreement is hereby deleted.

7. The entire first paragraph of subparagraph (a) of Section 5.3 of the Security Agreement is hereby deleted, and in place thereof the following is substituted:

"5.3. Certain Limitations on
the Rights of the Secured Party Upon
Default and Termination of the Lease.

(a) In the event of the occurrence of an Event of Default arising under Section 5.1(b) hereof resulting in a termination of the Lease, the Secured Party agrees that it will not exercise any remedy under this Security Agreement for a period of 120 days (the "Grace Period") from and after the date of such termination provided that:"

8. The phrase "pursuant to Section 13.2 of the Lease" following the word "Lessee" in line 3 of subsection (iii) of subparagraph (a) of Section 5.3 of the Security Agreement is hereby deleted.

9. Subsection (iv) of subparagraph (a) of Section 5.3 of the Security Agreement is hereby deleted.

10. The phrase "(i) the New Lease shall not include certain provisions of the Lease relating to the early termination thereof if certain events set forth in clause (b) of Section 3 of the Lease occur and (ii)" in lines 4 through 9 of subsection (2)(B) of subparagraph (b) of Section 5.3 of the Security Agreement on pages 33 to 34 is hereby deleted.

11. The last full paragraph of subparagraph (b) of Section 5.3 of the Security Agreement on page 35 thereof is hereby deleted in its entirety.

12. The figure "180" in line 7 of subsection (iii) of subparagraph (b) of Section 5.3 of the Security Agreement on page 36 thereof is hereby deleted, and in place thereof the figure "120" is substituted.

13. Except as herein expressly modified, all of the terms and provisions of the Security Agreement shall remain in full force and are hereby ratified and confirmed. It is recognized that the Security Agreement covers 285 covered hopper cars, only 205 of which are the subject of the Lease and this Supplement, and that the remaining 80 covered hopper cars are the subject of an Equipment Lease dated as of June 13, 1980 (the "GTW Lease") between the Debtor and Grand Trunk Western Railroad Company, a Michigan corporation ("GTW"). The Security Agreement, as supplemented, and a Supplement to the Security Agreement dated as of June 13, 1980 between the Debtor and the Secured Party shall cover both the Lease and the GTW Lease, and all references to "the Lease" in the Security Agreement shall be interpreted accordingly.

14. It is expressly understood and agreed by and between the Debtor, the Secured Party, and the Trustor and their respective successors and assigns that this Supplement is executed by The Connecticut Bank and Trust Company, not individually or personally but solely as Trustee under the Trust Agreement in the exercise of the power and authority conferred and vested in it as such Trustee, that each and all of the representations, warranties, undertakings and agreements herein made on the part of the Debtor are each and every one of them made and intended not as personal

representations, warranties, undertakings and agreements by The Connecticut Bank and Trust Company or the Trustor, or for the purpose or with the intention of binding The Connecticut Bank and Trust Company or the Trustor personally, but are made and intended for the purpose of binding only the Trust Estate (as defined in the Trust Agreement), that this Supplement is executed and delivered by The Connecticut Bank and Trust Company solely in the exercise of the powers expressly conferred upon The Connecticut Bank and Trust Company as Trustee under the Trust Agreement, that actions taken by the Debtor pursuant to its obligations hereunder may, in certain instances, be taken by the Debtor only upon specific authority of the Trustor, that nothing herein contained shall be construed as creating any liability on The Connecticut Bank and Trust Company or the Trustor, individually or personally, or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of, The Connecticut Bank and Trust Company or the Trustor, to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the Secured Party and by each and every person now or hereafter claiming by, through or under the Secured Party, and that so far as The Connecticut Bank and Trust Company or the Trustor, individually or personally is concerned, the Secured Party

and any person claiming by, through or under the Secured Party shall look solely to the Trust Estate for the performance of any obligation under this Supplement; provided that nothing in this Section shall be construed to limit in scope or substance those representations and warranties, if any, of The Connecticut Bank and Trust Company made expressly in its individual capacity set forth in the Participation Agreement, the Supplemental Participation Agreement (as defined in the Lease), and the Security Agreement. The term "Debtor" as used in this Supplement shall include any trustee succeeding The Connecticut Bank and Trust Company as Trustee under the Trust Agreement or the Trustor if the Trust created thereby is revoked. Any obligation of the Debtor hereunder may be performed by the Trustor, and any such performance shall not be construed as revocation of the Trust created by the Trust Agreement. Nothing contained in this Supplement shall restrict the operation of the provisions of the Trust Agreement with respect to its revocation or the resignation or removal of the Trustee thereunder.

15. This Supplement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Supplement.

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be executed by their respective officers thereunder duly authorized and the corporate seals to be hereto affixed as of the day and year first above written.

THE CONNECTICUT BANK AND
TRUST COMPANY, not in its
individual capacity but
solely as Trustee

[SEAL]

By


Authorized Officer

ATTEST:


Authorized Officer

CONTINENTAL ILLINOIS NATIONAL
BANK AND TRUST COMPANY OF CHICAGO,
not in its individual capacity
but solely as Security Trustee


[SEAL]

By


Authorized Officer

SECOND VICE PRESIDENT

ATTEST:


Authorized Officer

STATE OF CONNECTICUT)
) SS
COUNTY OF HARTFORD)

On this 24th day of March, 1981, before
me personally appeared DONALD E. SMITH, to me person-
ally known, who being by me duly sworn, says that he is
an authorized officer of THE CONNECTICUT BANK AND TRUST
COMPANY, that one of the seals affixed to the foregoing
instrument is the corporate seal of said corporation, that
the instrument was signed and sealed on behalf of said
corporation by authority of its Board of Directors, and
he acknowledged that the execution of the foregoing instru-
ment was the free act and deed of said corporation.

Sherree M. Daniels
Notary Public

SHEREE M. DANIELS
NOTARY PUBLIC
MY COMMISSION EXPIRES MARCH 31, 1985

[NOTARIAL SEAL]

My commission expires:

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 27th day of April, 1981, before
me personally appeared J. C. Mull, Jr., to me person-
ally known, who being by me duly sworn, says that he is
~~an~~ ^{SECOND VICE PRESIDENT} Authorized Officer of CONTINENTAL ILLINOIS NATIONAL
BANK AND TRUST COMPANY OF CHICAGO, that one of the seals
affixed to the foregoing instrument is the seal of said
national banking association, that said instrument was
signed and sealed on behalf of said national banking asso-
ciation by authority of its Board of Directors, and he
acknowledged that the execution of the foregoing instrument
was the free act and deed of said national banking associ-
ation.

V. Wastley
Notary Public

[NOTARIAL SEAL]

My commission expires: My Commission Expires July 2, 1984